

**SKANSKA**

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Q1 2017

Press release, May 5, 2017, 7:30 a.m. CET



**We build for a better society.**  
Slussen, Stockholm, Sweden

# Three month report, January–March 2017

## Highlights

- Revenue amounted to SEK 34.2 billion (35.3); adjusted for currency effects, revenue decreased 5 percent.
- Operating income decreased by 6 percent and amounted to SEK 1,849 M (1,969); no currency effects.
- Earnings per share increased by 6 percent to SEK 3.90 (3.69).
- Operating cash flow from operations amounted to SEK 1.6 billion (–3.4).
- Operating net financial assets totaled SEK 12.6 billion (Dec. 31, 2016: 10.6).
- Order bookings in Construction amounted to SEK 38.2 billion (30.3); adjusted for currency effects, order bookings increased by 23 percent. The order backlog amounted to SEK 200.8 billion (Dec. 31, 2016: 196.3).
- Operating income in Construction amounted to SEK 392 M (442), corresponding to an operating margin of 1.2 percent (1.5); operating income decreased by 11 percent, no currency effects.
- Operating income in Project Development decreased by 5 percent and amounted to SEK 1,656 M (1,744); no currency effects.
- Return on capital employed in Project Development was 15.9 percent (15.8).
- Net divestments in Project Development amounted to SEK 0.7 billion (–1.6).

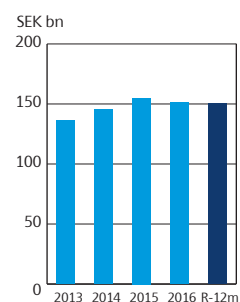
## Performance analysis

Tables referring to segment reporting are in shaded background, for more information see page 15.  
For definitions of non-IFRS financial measures see page 16-18.

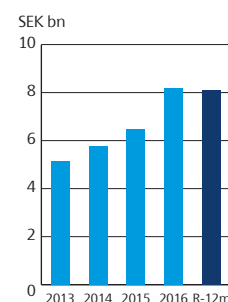
SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
<b>Revenue</b>			
Construction	32,087	30,438	5
Residential Development	3,352	2,660	26
Commercial Property Development	1,562	4,420	–65
Infrastructure Development	21	19	11
Central and eliminations	–2,840	–2,240	27
<b>Total</b>	<b>34,182</b>	<b>35,297</b>	<b>–3</b>
<b>Operating income</b>			
Construction	392	442	–11
Residential Development	438	297	47
Commercial Property Development	279	1,361	–80
Infrastructure Development	939	86	992
Central	–182	–249	–27
Eliminations	–17	32	–
<b>Operating income</b>	<b>1,849</b>	<b>1,969</b>	<b>–6</b>
<b>Net financial items</b>	<b>7</b>	<b>–56</b>	<b>–</b>
<b>Income after financial items</b>	<b>1,856</b>	<b>1,913</b>	<b>–3</b>
Taxes	–260	–394	–34
<b>Profit for the period</b>	<b>1,596</b>	<b>1,519</b>	<b>5</b>
Earnings for the period per share, SEK	3.90	3.69	6
Revenue for the period according to IFRSs	33,613	30,402	11
Operating income for the period according to IFRSs	1,601	311	415
Earnings for the period per share according to IFRSs, SEK	3.38	0.49	587
Operating cash flow from operations	1,630	–3,384	–
Interest-bearing net receivables(+)/net debt(-)	2,917	2,367	23
Return on capital employed in Project Development, % <sup>1</sup>	15.9	15.8	
Operating net financial assets(+)/liabilities(-)	12,618	10,274	23
Return on equity, % <sup>1</sup>	27.4	26.5	

<sup>1</sup> Rolling 12 months.

## Revenue



## Operating income

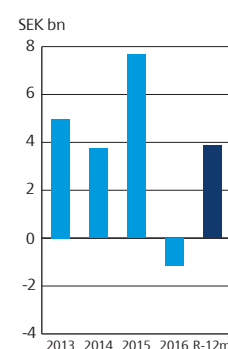


## Operating income per segment, R-12m, Mar 31, 2017



- Construction, 38%
- Residential Development, 19%
- Commercial Property Development, 14%
- Infrastructure Development, 29%

## Operating cash flow from operations



## Comments from Skanska's President and CEO Johan Karlström:



In the first quarter of 2017 the solid performance in Project Development continued and profitability was especially strong in Residential and Infrastructure Development. At the same time, as we continue to invest in Project Development, we are maintaining a solid financial position. In Construction, order bookings were strong while profitability is still not satisfactory. It is our highest priority to improve that situation.

In our Construction stream the performance in the Nordics was strong, mainly driven by very good execution in Sweden. In Europe, the normal seasonal pattern impacted the operating income in Central Europe due to its large share of civil operations, but it was also negatively impacted by writedowns in Poland amounting to about SEK 100 M. This is a result of a deepened review of the operations related to the previously announced restructuring of the Polish organization. As communicated earlier, the profitability in the U.S. will during 2017 be burdened by extended negotiations with clients regarding design changes and high S&A costs in our civil operations. Also during the first quarter, certain other projects in the civil operations were burdened by cost overruns.

The market conditions for Construction are good and our order bookings are strong, especially in the U.S. and the Nordics. Our order backlog reached a new all-time high by the end of the quarter, more than SEK 200 billion, and as a part of our roadmap to improve profitability we remain selective when bidding for new projects.

Our Residential Development stream is continuing its strong performance with increased operating income, mainly driven by the Nordics, and Sweden especially. We expect that the markets will remain favorable and we put a lot of effort into developing projects to meet the strong demand, without compromising our risk control and focus on design to cost.

The high activity and good performance continues in our Commercial Property Development stream. The operating income in the first quarter of 2016, with the sale of 101 Seaport in the U.S., is hard to beat but we completed a number of profitable divestments and created value by signing leases in all our markets during the first quarter of 2017. This in turn enables us to start up new projects and while doing so, actively manage the risks and opportunities in our portfolio.

In the Infrastructure Development stream we started 2017 by realizing the value created in one of the investments in our PPP-portfolio – the A1 motorway in Poland, which during construction was profitable for our Polish construction operations as well. A majority of the remaining projects in our portfolio are under construction and we are actively bidding for new projects which typically are large and complex with long lead times.

There are many things to be proud of during the first quarter 2017. At the same time we are putting a lot of effort into improving the profitability in the underperforming units in Construction, which is crucial for reaching our operating margin target in Construction.

I would like to end by mentioning the launch of the thirteenth annual Skanska Safety Week, May 8-14, 2017. Skanska is driving the improvement of safety in our industry and at this event, more than 40,000 employees working on thousands of projects in our home markets, along with more than 200,000 subcontractors, suppliers and business partners, will participate in activities focusing on workplace safety.



Success in Skanska's project-based business depends on having people with the right skills and commitment, and who share Skanska's values, just like our people at the Slussen project in Stockholm. One of these values is Care for Life, which is how Skanska is accountable to future generations through safe and environmentally responsible actions. This value comes into focus during the thirteenth annual Skanska Safety Week, May 8-14, 2017. This year, the theme is Plan-Do-Check-Act, with a subtheme of Health and Well-being.

# Market outlook, next 12 months

## Unchanged market outlook since last quarter.

- Weaker outlook compared to previous quarter.
- Unchanged outlook compared to previous quarter.
- Improved outlook compared to previous quarter.
- ⬆️ Very strong market coming 12m
- ➡️ Strong market coming 12m
- ↔️ Stable market coming 12m
- ⬇️ Weak market coming 12m
- ⬇️ Very weak market coming 12m

### Construction

The overall construction market outlook continues to be positive. The non-residential and civil markets in Sweden are very strong, although the landscape is competitive. The residential building market continues to be strong. In Norway, the outlook for the civil market remains positive, but with significant competition in new bids. The non-residential market also benefits from increased public investments, while the residential building market is stable with the exception of certain regions that are dependent on the energy sector. The overall market situation in Finland remains relatively weak, but the non-residential building market is improving. The civil market remains strong in the UK, whilst the uncertainty in the non-residential building market post Brexit continues. The civil market in Poland and Czech Republic are still impacted by previous delays in the allocation of designated EU funds. In the U.S. the overall market is strong. The market for large and complex civil construction projects remains good, although competition is intense. The building construction market is strong in the aviation, education, data center, life science and healthcare sectors.

	Building, non-residential	Building, residential	Civil
<b>⬆️ Nordics</b>			
Sweden	⬆️	➡️	⬆️
Norway	➡️	➡️	➡️
Finland	➡️	➡️	⬇️
<b>➡️ Europe</b>			
Poland	➡️	➡️	⬇️
Czech Republic <sup>1</sup>	➡️	➡️	➡️
United Kingdom	➡️	-	➡️
<b>⬆️ USA</b>			
USA	⬆️	-	⬆️

<sup>1</sup> Including Slovakia.

### Residential Development

The Swedish residential market is still strong and the new amortization requirements have led to a more balanced market. The Norwegian market is stable but is being negatively affected by low oil prices in certain regions that are dependent on the energy sector. There are signs of improvement in the Finnish market. In Central Europe the market is solid, with high transaction volumes and increasing sales prices. Common to all home markets is the challenge to acquire and develop land due to increasing prices and long permitting processes.

<b>⬆️ Nordics</b>	
Sweden	⬆️
Norway	➡️
Finland	➡️
<b>⬆️ Europe</b>	



The View, Nacka Strand, Sweden.

### Commercial Property Development

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are stable. In Sweden vacancy rates are low and rents are increasing. Demand for office space is strong in Poland and continues to improve in other parts of Central Europe. In the U.S., demand from tenants continues to improve in Washington D.C. and remains strong in Boston and Seattle, while demand in Houston's energy corridor is weaker due to low oil prices. Modern properties with high quality tenants are in demand from property investors, resulting in attractive valuations for these properties. Investor appetite remains strong in the Nordics, especially Sweden, the U.S. and Central Europe. In all home markets there is a challenge to acquire and develop land due to increasing prices and long permitting processes.

<b>⬆️ Nordics</b>	
Sweden	⬆️
Norway	➡️
Finland	⬇️
Denmark	⬇️
<b>⬆️ Europe</b>	
Poland	⬆️
Czech Republic	⬆️
Hungary	⬆️
Romania	➡️
<b>⬆️ USA</b>	



Capitol Tower, Houston, USA.

### Infrastructure Development

The public-private partnership (PPP) market in the U.S. is strong, albeit with considerable competition. In the other markets the pipeline is thin, with opportunities being seen in the Norwegian market.

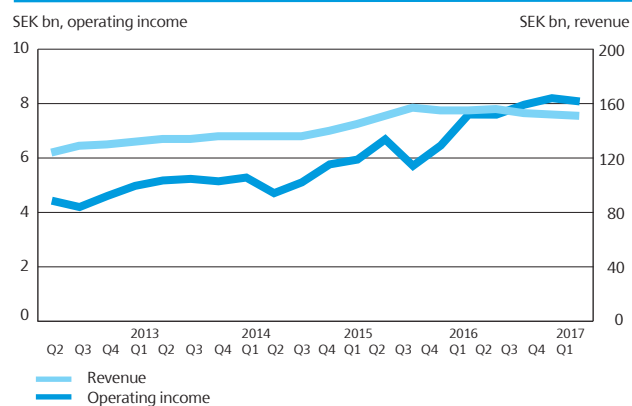


New Karolinska Solna, Stockholm, Sweden.

## Performance analysis

### Group

#### Revenue and operating income, rolling 12 months



#### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
Revenue	34,182	35,297	-3
Operating income <sup>1,2</sup>	1,849	1,969	-6
Net financial items	7	-56	
<b>Income after financial items</b>	<b>1,856</b>	<b>1,913</b>	<b>-3</b>
Taxes	-260	-394	
<b>Profit for the period</b>	<b>1,596</b>	<b>1,519</b>	<b>5</b>
Earnings for the period per share, SEK <sup>3</sup>	3.90	3.69	6
Earnings for the period per share according to IFRSs, SEK <sup>3</sup>	3.38	0.49	587

1 Central, SEK -182 M (-249).

2 Eliminations, SEK -17 M (32).

3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

#### Changes and currency rate effects

	Jan-Mar 2017 / Jan-Mar 2016		
	Change in SEK	Change in local currency	Currency effect
Revenue	-3%	-5%	2%
Operating income	-6%	-6%	0%

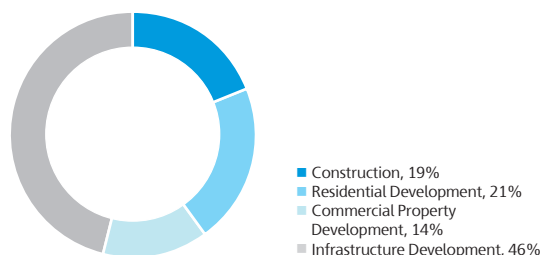
Revenue decreased by 3 percent and amounted to SEK 34.2 billion (35.3); adjusted for currency effects, revenue decreased by 5 percent.

Operating income decreased by 6 percent and amounted to SEK 1,849 M (1,969); there were no currency effects during the period.

#### Revenue per segment, January–March 2017



#### Operating income per segment, January–March 2017



In the first quarter the divestment of the investment in the A1 motorway project in Poland made a strong contribution, while in the comparable period the divestment of the office development 101 Seaport in the U.S. contributed significantly.

Central expenses totaled SEK -182 M (-249). The elimination of gains in Intra-Group projects amounted to SEK -17 M (32).

Net financial items amounted to SEK 7 M (-56). Positive currency effects and positive changes in fair value of derivatives are the main reasons for the change compared to the first quarter of 2016. Effective cash management has resulted in improved net financial items, at the same time as the Project Development operations continue to grow.

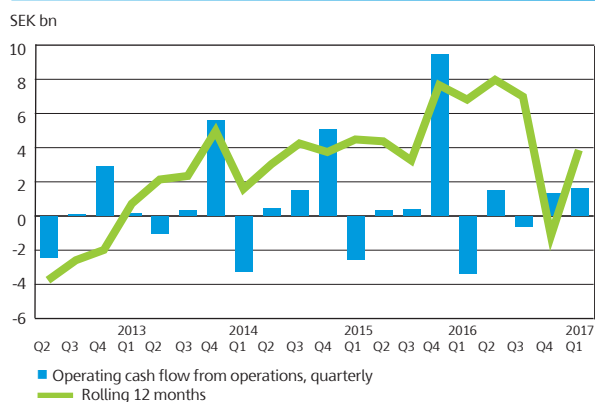
For a specification of net financial items according to IFRS, see page 20.

Taxes for the period amounted to SEK -260 M (-394), corresponding to an effective tax rate of about 14 (21) percent. The lower tax rate is mainly attributable to the divestment of the investment in the A1 motorway project.

## Cash flow

### Group

#### Operating cash flow from operations



#### Operating cash flow

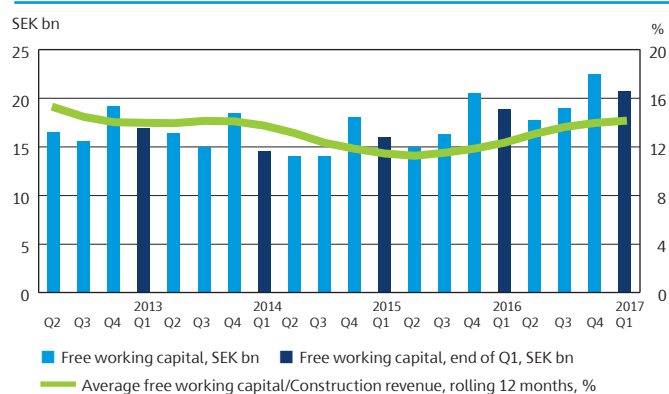
SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
Cash flow from business operations	186	245	-24
Change in working capital	1,356	-1,242	-
Net divestments(+)/investments(-)	217	-1,951	-
Cash flow adjustment	-14	-20	-30
<b>Cash flow from business operations before taxes paid</b>	<b>1,745</b>	<b>-2,968</b>	<b>-</b>
Taxes paid in business operations	-218	-328	-34
Cash flow from financing operations	103	-88	-
<b>Operating cash flow from operations</b>	<b>1,630</b>	<b>-3,384</b>	<b>-</b>
Net strategic divestments(+)/investments(-)	0	127	-
Dividend etc	-13	-264	-95
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>1,617</b>	<b>-3,521</b>	<b>-</b>
Change in interest-bearing receivables and liabilities	-73	-752	-90
<b>Cash flow for the period</b>	<b>1,544</b>	<b>-4,273</b>	<b>-</b>

Operating cash flow from operations amounted to SEK 1,630 M (-3,384). Change in working capital impacted cash flow positively in the amount of SEK 1,356 M (-1,242), and is a result of the divestment of the investment in the M25 motorway project in UK in the fourth quarter 2016, where the payment of SEK 3.1 billion was received in the first quarter of 2017. This together with the change in net divestments, SEK 217 M (-1,951), stemming from the divestment of the investment in the A1 motorway project in Poland, is the main reason for the higher operating cash flow from operations compared to the same period 2016.

Taxes paid in business operations amounted to SEK -218 M (-328).

Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 2.7 billion in 2017, of which SEK 1.1 billion in the second quarter of 2017.

#### Free working capital in Construction



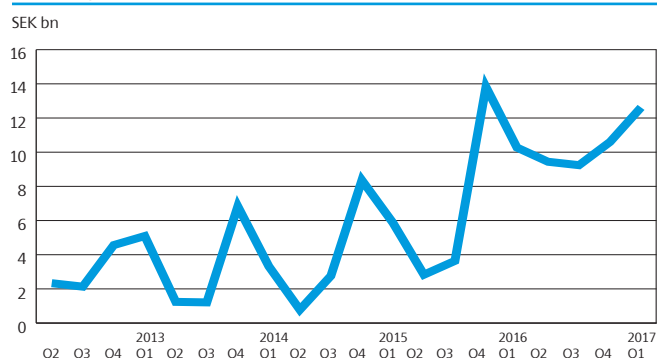
The free working capital in Construction amounted to SEK 20.7 billion (18.8) with the average free working capital in relation to revenue in Construction in the past 12 months at 14.1 percent. The free working capital in Construction has increased due to improved cash flow profile in a number of projects and the maintained focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -1,611 M (-1,438).



6th Street Viaduct, Los Angeles, USA.

## Financial position

### Operating net financial assets/liabilities



### Balance sheet – Summary

SEK bn	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Total assets	105.0	92.6	106.5
Total equity	29.0	23.5	27.5
Interest-bearing net receivables (+)/net debt (-)	2.9	2.4	1.2
Operating net financial assets(+)/liabilities(-)	12.6	10.3	10.6
Capital employed, closing balance	42.8	36.8	42.6
Equity/assets ratio, %	27.6	25.4	25.8

### Change in interest-bearing receivables and liabilities

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Opening balance interest-bearing net receivables(+)/net debt(-)	1,219	6,317	6,317
<b>Cash flow for the period</b>	<b>1,544</b>	<b>-4,273</b>	<b>-6,566</b>
Less change in interest-bearing receivables and liabilities	73	752	2,400
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>1,617</b>	<b>-3,521</b>	<b>-4,166</b>
Translation differences, net receivables/net debt	-105	-151	972
Remeasurements of pension liabilities	160	-208	-1,022
Interest-bearing liabilities acquired/divested	0	0	-663
Other changes, interest-bearing net receivables/net debt	26	-70	-219
<b>Change in interest-bearing net receivables/net debt</b>	<b>1,698</b>	<b>-3,950</b>	<b>-5,098</b>
<b>Closing balance interest-bearing net receivables(+)/net debt(-)</b>	<b>2,917</b>	<b>2,367</b>	<b>1,219</b>
Pension liability, net	4,414	3,908	4,537
Loans to housing co-ops	5,287	3,999	4,839
<b>Closing balance operating net financial assets(+)/liabilities(-)</b>	<b>12,618</b>	<b>10,274</b>	<b>10,595</b>

The operating net financial assets amounted to SEK 12.6 billion (Dec. 31, 2016: 10.6). The interest-bearing net receivables amounted to SEK 2.9 billion (Dec. 31, 2016: 1.2). Commercial Property Development assets sold but not yet transferred will have a positive effect of about SEK 2.7 billion in 2017, of which SEK 1.1 billion in the second quarter of 2017.

At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to about SEK 12.7 billion (Dec. 31, 2016: 11.1), of which SEK 11.4 billion (Dec. 31, 2016: 10.0) is avail-

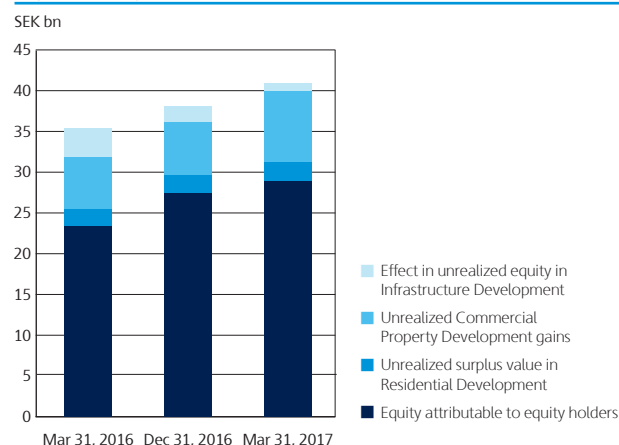
able within one week. The Group central loan portfolio amounted to SEK 2.9 billion (Dec. 31, 2016: 4.2) and had an average maturity of 2.1 years (Dec. 31, 2016: 2.0), including committed unutilized credit facilities. External loans to housing co-ops totaled SEK 5.3 billion (Dec. 31, 2016: 4.8) and the net pension liabilities totaled SEK 4.4 billion (Dec. 31, 2016: 4.5). At the end of the quarter, capital employed amounted to SEK 42.8 billion (Dec. 31, 2016: 42.6).

## Equity

### Changes in equity

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Opening balance	27,506	24,206	24,206
Dividend to shareholders	0	0	-3,075
Other changes in equity not included in total comprehensive income for the year	63	-197	-513
Profit for the period	1,383	203	5,735
Other comprehensive income			
Translation differences	-163	-240	1,209
Effects of remeasurements of pensions	142	-170	-938
Effects of cash flow hedges	90	-305	882
<b>Closing balance</b>	<b>29,021</b>	<b>23,497</b>	<b>27,506</b>

### Adjusted equity, less standard tax of 10 percent



The Group's equity amounted to SEK 29.0 billion (23.5), the equity/assets ratio was 27.6 percent (25.4) and the net debt/equity ratio amounted to -0.1 (-0.1).

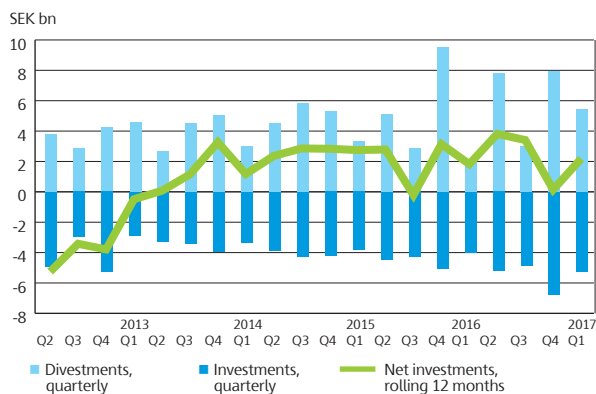
The effects of remeasurements of pensions amounted to SEK 142 M (-170). The effects of cash flow hedges, SEK 90 M (-305) are mainly related to changes in the interest-rate swaps attributable to Infrastructure Development projects. After the divestment of the investment in the M25 motorway project in the UK by the end of 2016 the size of the interest-rate swaps has been reduced.

Translation differences amounted to SEK -163 M (-240).

The unrealized surplus values less standard tax in Project Development amounted to SEK 12.1 billion (Dec. 31, 2016: 10.7), of which SEK 0.7 billion is realized according to segment reporting.

## Investments and divestments

### Investments and divestments



The Group's investments amounted to SEK -5,237 M (-3,985). Divestments amounted to SEK 5,454 M (2,161) and the Group's net divestments amounted to SEK 217 M (-1,824).

In Construction, investments totaled SEK -486 M (-371). The investments were mainly related to property, plant and equipment for the Group's own production. Net investments in Construction amounted to SEK -449 M (-280). Depreciation of property, plant and equipment amounted to SEK -303 M (-319).

In Residential Development, investments totaled SEK -2,747 M (-1,795), of which about SEK -816 M (-194) relates to the acquisition of land corresponding to 1,990 building rights. Divestments amounted to SEK 2,589 M (1,530). Net investments in Residential Development amounted to SEK -158 M (-265).

In Commercial Property Development, investments totaled SEK -2,022 M (-1,718) of which SEK -449 M (-21) related to investments in new land. Divestments amounted to SEK 1,514 M (405). Net investments in Commercial Property Development amounted to SEK -508 M (-1,313).

Investments in Infrastructure Development amounted to SEK -11 M (-50). Divestments amounted to SEK 1,362 M (0).

The decreased capital employed in Infrastructure Development compared to year-end 2016 is due to the SEK 3.1 billion receivable for the divestment of the investment in the M25 motorway project in UK being received during the first quarter 2017.



Investment in Stockholm 01, Stockholm, Sweden.

### Investments, divestments and net divestments/investments

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
<b>Investments</b>			
Construction	-486	-371	31
Residential Development	-2,747	-1,795	53
Commercial Property Development	-2,022	-1,718	18
Infrastructure Development	-11	-50	-78
Other	29	-51	
<b>Total</b>	<b>-5,237</b>	<b>-3,985</b>	<b>31</b>
<b>Divestments</b>			
Construction	37	91	-59
Residential Development	2,589	1,530	69
Commercial Property Development	1,514	405	274
Infrastructure Development	1,362	0	-
Other	-48	135	
<b>Total</b>	<b>5,454</b>	<b>2,161</b>	<b>152</b>
<b>Net divestments(+)/investments(-)</b>			
Construction	-449	-280	60
Residential Development	-158	-265	-40
Commercial Property Development	-508	-1,313	-61
Infrastructure Development	1,351	-50	-
Other	-19	84	
<b>Total</b>	<b>217</b>	<b>-1,824</b>	<b>-</b>
Of which strategic	0	127	

### Capital employed in Project Development

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Residential Development	12,018	9,310	11,607
Commercial Property Development	20,657	18,086	19,936
Infrastructure Development	2,147	1,524	5,434
<b>Total in Project Development</b>	<b>34,822</b>	<b>28,920</b>	<b>36,977</b>



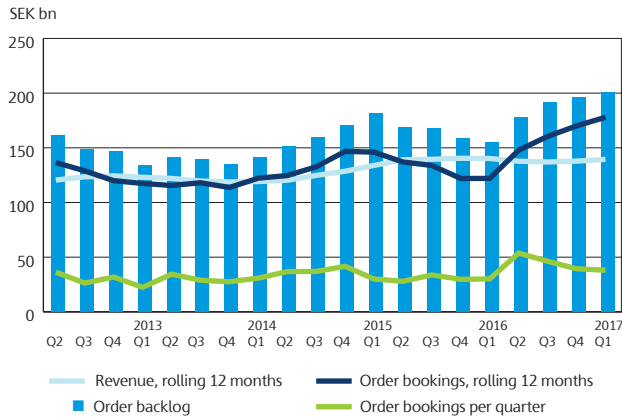
Divestment of investment in A1 Motorway, Poland.



## Performance analysis, business streams

### Construction – Order situation

#### Order backlog, revenue and order bookings



#### Order bookings and order backlog in Construction

SEK bn	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Order bookings	38.2	30.3	170.2
Order backlog <sup>1</sup>	200.8	154.6	196.3

<sup>1</sup> Refers to the end of each period.

Order bookings amounted to SEK 38.2 billion (30.3); adjusted for currency effects, order bookings increased by 23 percent. On a rolling 12 months basis the book-to-build ratio was 128 percent (Dec. 31, 2016: 123) and all regions had higher order bookings than revenue during that period.

At the end of the quarter, the order backlog amounted to SEK 200.8 billion, compared to 196.3 billion at the end of the previous quarter. The order backlog corresponds to about 17 months of production (Dec. 31, 2016: 17).

#### Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
<b>Jan-Mar 2017 / Jan-Mar 2016</b>			
Order bookings	26%	23%	3%
<b>Mar 31, 2017 / Dec 31, 2016</b>			
Order backlog	2%	3%	-1%

#### Major orders in the quarter

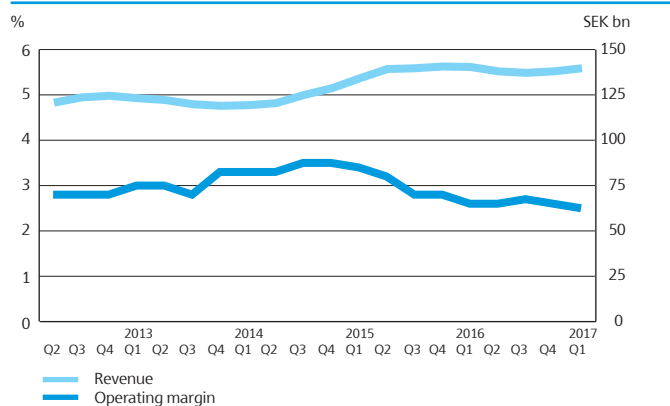
Geography	Contract	Amount SEK M	Client
Nordics	Highway	2,400	Norwegian Public Roads Administration
USA	Office	2,000	Skanska CDUS
Nordics	Stadium	1,500	City of Helsinki
USA	Residential	1,400	Burrard Development
USA	Bridge	1,200	City of Los Angeles
Europe	Highway	890	Hampshire County Council



Olympic Stadium, Helsinki, Finland.

## Construction

### Revenue and operating margin, rolling 12 months



### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
Revenue	32,087	30,438	5
<b>Gross income</b>	<b>2,076</b>	<b>2,021</b>	<b>3</b>
Selling and administrative expenses	-1,681	-1,578	7
Income from joint ventures and associated companies	-3	-1	
<b>Operating income</b>	<b>392</b>	<b>442</b>	<b>-11</b>
Gross margin, %	6.5	6.6	
Selling and administrative expenses, %	-5.2	-5.2	
Operating margin, %	1.2	1.5	
Employees	38,415	41,418	

### Changes and currency rate effects

	Jan-Mar 2017 / Jan-Mar 2016		
	Change in SEK	Change in local currency	Currency effect
Revenue	5%	3%	2%
Operating income	-11%	-11%	0%

Revenue in the Construction business stream increased by 5 percent and amounted to SEK 32.1 billion (30.4); adjusted for currency effects, the revenue increased by 3 percent. Operating income amounted to SEK 392 M (442); adjusted for currency effects, operating income decreased by 11 percent. The operating margin was 1.2 percent (1.5).

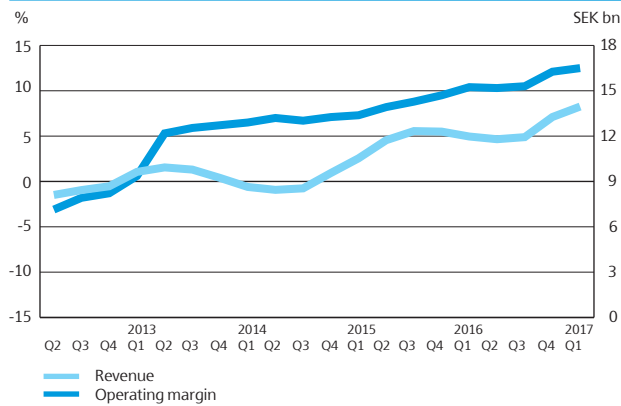
The performance in the Nordics was strong, mainly driven by Sweden. In Europe, the normal seasonal pattern impacted the operating income in Central Europe due to its large share of civil operations, but it was also negatively impacted by writedowns in Poland amounting to about SEK 100 M. This is a result of a deepened review of the operations related to the previously announced restructuring of the Polish organization. As communicated earlier the profitability in the U.S. will during 2017 be burdened by extended negotiations with clients regarding design changes, as well as high S&A costs related to a new ERP system in our civil operations. Also during the first quarter, certain other projects in the civil operations were burdened by cost overruns.



University Hospital, Virginia, USA.

## Residential Development

### Revenue and operating margin, rolling 12 months



### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
Revenue	3,352	2,660	26
<b>Gross income</b>	<b>601</b>	<b>444</b>	<b>35</b>
Selling and administrative expenses	-163	-147	11
Income from joint ventures and associated companies	0	0	
<b>Operating income</b>	<b>438</b>	<b>297</b>	<b>47</b>
Gross margin, %	17.9	16.7	
Selling and administrative expenses, %	-4.9	-5.5	
Operating margin, %	13.1	11.2	
Return on capital employed, % <sup>1</sup>	17.6	15.0	

1 Rolling 12 months. For definition see page 17.

Revenue in the Residential Development business stream amounted to SEK 3,352 M (2,660). The number of homes sold totaled 1,045 (1,039) in the first quarter of 2017. Operating income amounted to SEK 438 M (297). The operating margin increased to 13.1 percent (11.2) and was especially strong in Sweden.

The return on capital employed increased to 17.6 percent (15.0).

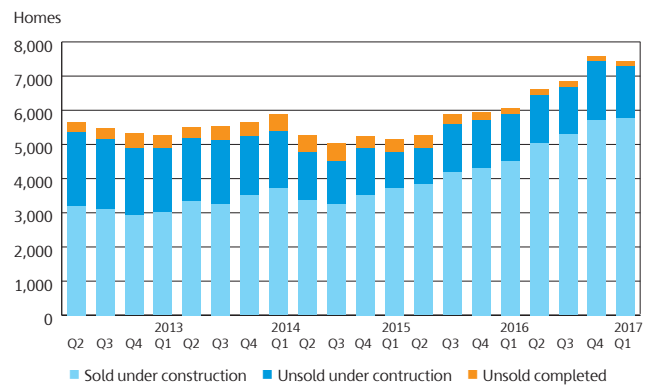
### Homes sold and started, rolling 12 months



### Homes sold and started

	Jan-Mar 2017	Jan-Mar 2016
Homes sold	1,045	1,039
Homes started	858	988

### Homes under construction and unsold



### Homes under construction and unsold

	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Homes under construction	7,290	5,878	7,421
of which sold, %	79	77	77
Completed unsold, number of homes	152	200	158

At the end of the quarter, there were 7,290 homes (Dec. 31, 2016: 7,421) under construction. Of these, 79 percent (Dec. 31, 2016: 77) were sold. The number of completed, unsold homes totaled 152 (Dec. 31, 2016: 158) and most of these homes are in Finland and Norway. In the first three months of 2017, construction was started on 858 homes (988).

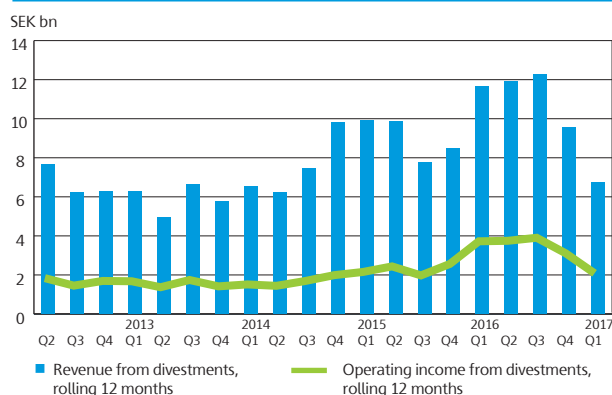
### Breakdown of carrying amounts

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Completed projects	693	797	631
Ongoing projects	7,300	5,181	6,955
Undeveloped land and development properties	6,483	4,999	6,364
<b>Total</b>	<b>14,476</b>	<b>10,977</b>	<b>13,950</b>

A breakdown of the carrying amounts is presented in the table above. Ongoing projects amounted to SEK 7.3 billion (Dec. 31, 2016: 7.0) and undeveloped land and development properties amounted to SEK 6.5 billion (Dec. 31, 2016: 6.4). The estimated surplus value in unsold homes in construction and undeveloped land and development properties amounted to about SEK 2.5 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 24,900 homes and 1,600 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 9,800 building rights.

## Commercial Property Development

### Revenue and operating income from property divestments



### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
Revenue	1,562	4,420	-65
of which from divestment of properties	1,405	4,247	-67
<b>Gross income</b>	<b>464</b>	<b>1,519</b>	<b>-69</b>
Selling and administrative expenses	-192	-159	21
Income from joint ventures and associated companies	7	1	
<b>Operating income</b>	<b>279</b>	<b>1,361</b>	<b>-80</b>
of which from divestment of properties	431	1,457	-70
Return on capital employed, % <sup>1</sup>	10.5	16.4	

<sup>1</sup> Rolling 12 months. For definition see page 17.

In the Commercial Property Development business stream, divestments worth SEK 1,405 M (4,247) were made in the first quarter of 2017. The comparable period includes the SEK 3.8 billion divestment of 101 Seaport in the U.S. impacting divestments and gains positively.

### Breakdown of investment value and market value

SEK M	Investment value, end of period	Investment value upon completion	Market value <sup>1</sup>	Occupancy rate, %	Degree of completion, %
Ongoing projects <sup>2</sup>	9,546	26,668	33,755	32	36
Completed projects <sup>3</sup>	5,935	5,935	8,015	78	100
Undeveloped land and development properties	7,067	7,067	7,568		
<b>Total</b>	<b>22,548</b>	<b>39,670</b>	<b>49,338</b>		
of which carrying amount <sup>4</sup>	21,469	38,332			
of which completed projects sold according to segment reporting	560	560	818		
of which ongoing projects sold according to segment reporting	1,042	1,643	2,123		

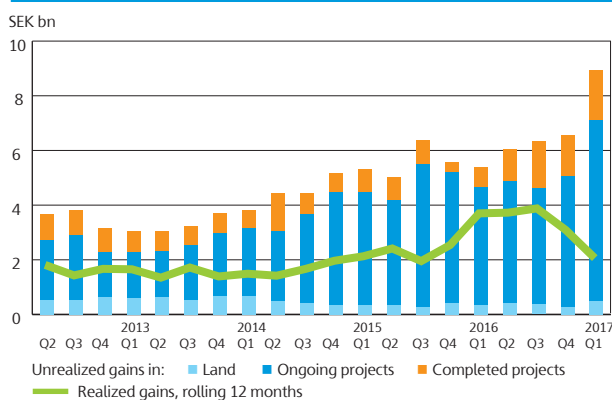
<sup>1</sup> Market value according to appraisal on December 31, 2016. Estimated market value at completion fully leased.

<sup>2</sup> Skanska's share of total production cost in JVs is SEK 869 M (end of period) and SEK 1,128 M (upon completion).

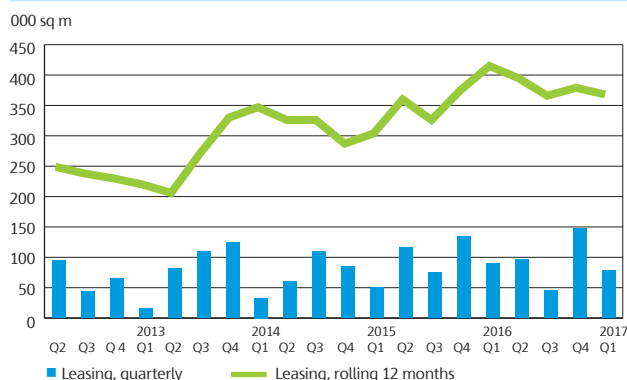
<sup>3</sup> Skanska's share of total production cost in JVs is SEK 922 M end of period and upon completion.

<sup>4</sup> Includes Skanska's total equity investment in JV of SEK 712 M (end of period) and SEK 712 M (upon completion) and tenant improvement and leasing commissions in CDUS of SEK 214 M (Completed projects) and SEK 37 M (Ongoing projects).

### Unrealized and realized gains



### Leasing



Operating income amounted to SEK 279 M (1,361), and included gains from property divestments totaling SEK 431 M (1,457). The return on capital employed decreased to 10.5 percent (16.4).

At the end of the quarter, Commercial Property Development had 46 ongoing projects out of which two projects are developed in joint ventures. In the first quarter, five new projects were started, and six projects were completed. The 46 ongoing projects represent leasable space of about 885,000 sq m with an occupancy rate of 32 percent, measured in rent. The degree of completion is 36 percent. Their investment value upon completion is expected to total SEK 26.7 billion, with an estimated market value of SEK 33.8 billion upon completion.

Of the ongoing projects, eight have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 1.6 billion, with a market value of SEK 2.1 billion.

The market value of completed projects, excluding properties divested but not yet transferred to the buyers, was SEK 7.2 billion. The occupancy rate measured in rent totaled 78 percent.

At the end of the quarter the unrealized gains, excluding properties divested but not yet transferred to the buyers, totaled SEK 8.9 billion divided by SEK 6.6 billion in ongoing projects, SEK 1.8 billion in completed projects and SEK 0.5 billion in undeveloped land and development properties. Realized gains accumulated to SEK 0.4 billion (1.5) for the period.

Accumulated eliminations of intra-Group project gains amounted to SEK 311 M at the end of the period. These eliminations are released at Group level as each project is divested.

During the first quarter new leases were signed for 79,000 sq m (90,000).

## Infrastructure Development

### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %
Revenue	21	19	11
<b>Gross income</b>	<b>-28</b>	<b>-22</b>	<b>27</b>
Selling and administrative expenses	-35	-38	-8
Income from joint ventures and associated companies	1,002	146	586
<b>Operating income</b>	<b>939</b>	<b>86</b>	<b>992</b>
of which gains from divestments of shares in projects	913	0	-
Return on capital employed, % <sup>1</sup>	38.2	15.2	

<sup>1</sup> Rolling 12 months. For definition see page 17.

The operating income for the Infrastructure Development business stream totaled SEK 939 M (86). The return on capital employed increased to 38.2 percent (15.2). In the first quarter Skanska divested its investment in the A1 motorway project in Poland for about SEK 1.4 billion.

The net present value of projects at the end of the period decreased to SEK 3.2 billion (Dec. 31, 2016: 4.3). The decrease is attributable to the divestment of the investment in the A1 motorway project.

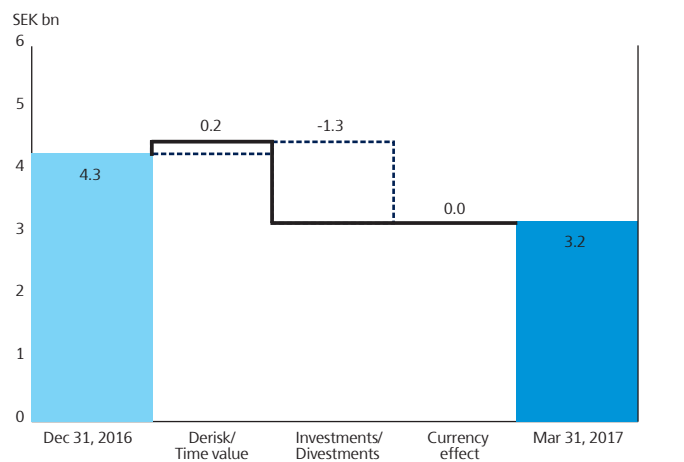
The remaining investment obligations relating to ongoing Infrastructure Development projects amounted to about SEK -0.8 billion (Dec. 31, 2016: -0.9).

### Unrealized development gains

SEK bn	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Present value of cash flow from projects	4.0	6.0	5.2
Present value of remaining investments	-0.8	-1.1	-0.9
<b>Net present value of projects</b>	<b>3.2</b>	<b>4.9</b>	<b>4.3</b>
Carrying amount before Cash flow hedge / Carrying amount	-2.6	-3.1	-2.9
<b>Unrealized development gain</b>	<b>0.6</b>	<b>1.8</b>	<b>1.4</b>
Cash flow hedge	0.6	1.9	0.6
<b>Effect in unrealized equity<sup>1</sup></b>	<b>1.2</b>	<b>3.7</b>	<b>2.0</b>

<sup>1</sup> Tax effects not included.

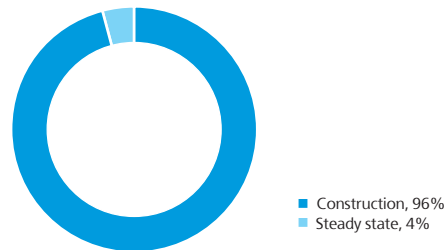
### Changes in net present value



At the end of the period, the carrying amount of shares, participations, subordinated receivables and concessions in Infrastructure Development before cash-flow hedges was SEK 2.6 billion (Dec. 31, 2016: 2.9). At the end of the quarter, unrealized development gains totaled about SEK 0.6 billion (Dec. 31, 2016: 1.4).

Cash flow hedges, for which the change in value is recognized as other comprehensive income, reduced the carrying amount and thereby also equity, by an amount of SEK 0.6 billion (Dec. 31, 2016: 0.6).

### Estimated gross present value by phase



I-4 Ultimate, Florida, USA.

## Personnel

During the period, the average number of employees in the Group was 40,233 (43,815). The decrease is mainly attributable to the closing down of the operations in Latin America, the adjustments in the Polish organization and the divestment of Skanska Installation in Sweden. At the end of the quarter the number of employees amounted to 40,737 (Dec. 31, 2016: 40,642).

## Transactions with related parties

For the nature and extent of transactions with related parties, see the 2016 Annual Report, Note 39. There were no new significant transactions during the quarter.

## Material risks and uncertainties

The Construction and Project Development business involves a considerable amount of risk management. Almost every project is unique. Size, shape, the environment – everything is different for each new assignment. The Construction and Project Development business differs in this way from typical manufacturing, which operates in permanent facilities with long production runs.

In Skanska's operations, there are many different types of risks. Identifying, managing and pricing these risks is of fundamental importance to the Group's profitability. Risks are normally of a technical, legal and financial nature, but political, ethical, social and environmental considerations are also part of assessing potential risks.

To ensure a systematic and uniform assessment of risks and opportunities, the entire Skanska Group uses a shared procedure for identifying and managing risks. With the aid of this model, Skanska evaluates projects continuously – from preparation of tenders to completion of assignments.

From time to time, disputes arise with customers about contractual terms related to both ongoing and completed projects. Their outcomes are often difficult to predict.

For further information about risks and a description of key estimates and judgments, see the 2016 Annual Report, Report of the Directors and Note 2 and 6, as well as the section above on market outlook.

## Skanska Brasil and Czech Republic

As announced in March 2015, Skanska Brasil became involved in investigations by the Brazilian Comptroller General (CGU) and the Administrative Council of Economic Defense (CADE). These investigations focused on corruption and competition matters in relation to certain Petrobras projects. In late 2015, the two entities initiated administrative proceedings against Skanska Brasil and twenty other companies. Other authorities have also commenced proceedings arising from the same investigation. Skanska has been informed by the prosecutor in Stockholm that this authority has initiated a preliminary investigation into matters relating to Skanska's businesses in Brazil and the Czech Republic. For more information see 2016 Annual Report, Note 33.

## Malta project claim

Skanska has in December 2016 received a claim from the Maltese government regarding defective concrete in the Mater Dei Hospital, a hospital project on Malta that Skanska International was involved in starting 1995. Skanska refutes this claim in its entirety.

## Other matters

### Repurchase of shares

At the Board meeting on April 4, 2017, the Board resolved to exercise the Annual General Meeting's authorization concerning the repurchase of shares on the following terms: on one or several occasions, but no later than the Annual General Meeting in 2018, not more than 3,000,000 Series B shares in Skanska may be acquired, the aim of which is to secure delivery of shares to participants in Skanska's employee ownership program (2017-2019) Seop 4.

Further the Board resolved to exercise the Annual General Meeting's authorization concerning transfer of shares on the following terms: on one or several occasions, but no longer than the Annual General Meeting in 2018, not more than 763,000 Series B shares in Skanska may be transferred, the aim of which is to cover mainly social security costs that may occur in relation to Skanska's employee ownership program (2014-2016) Seop 3.

Acquisition, or transfer, may only be made on Nasdaq Stockholm within the price interval prevailing at any given time, meaning the interval between the highest purchase price and the lowest selling price. On March 31, 2017, Skanska held 10,174,063 Series B shares in its own custody.

## Events after the end of the report period

### Annual Meeting

At the Annual General Meeting on April 4, the dividend for 2016 was approved in accordance with the Board's proposal of SEK 8.25 per share. The record date for the dividend was April 6, 2017. The Meeting resolved to increase the number of Board members elected by the Annual Meeting from eight to nine with no deputy members. The Meeting re-elected Johan Karlström, Pär Boman, John Carrig, Nina Linander, Fredrik Lundberg, Jayne McGivern, Charlotte Strömberg and Hans Biörck as Board members. The Meeting elected Catherine Marcus as a new Board member. Hans Biörck was re-elected as Chairman of the Board.

### Financial reports for 2017

Skanska's interim reports and year-end reports are available for download on Skanska's website, [www.skanska.com/investors](http://www.skanska.com/investors).

The Group's reports for 2017 will be published on the following dates:

July 20, 2017	Six Month Report
October 27, 2017	Nine Month Report
February 1, 2018	Year-end report

Stockholm May 5, 2017

### Johan Karlström

President and Chief Executive Officer

This interim report has not been subject to a review by the company's auditors.

## Accounting principles

For the Group, this interim report has been prepared in compliance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Securities Market Act. For the Parent Company, the interim report has been prepared in compliance with the Annual Accounts Act and the Securities Market Act, which is pursuant to the Swedish Financial Reporting Board's Recommendation RFR 2. The accounting principles and assessment methods presented in the 2016 Annual Report have been applied.

### Relation between consolidated operating cash flow statement and consolidated cash flow statement

The difference between the operating cash flow statement and the summary cash flow statement in compliance with IAS 7 Cash flow Statements, is presented in the 2016 Annual Report, Note 35.

### Segment and IFRS reporting

Skanska's business streams Construction, Residential Development, Commercial Property Development and Infrastructure Development represent the group's operating segments. Tables in this report that refer to segment reporting are shown with a shaded background. In certain cases the segment reporting differs from the consolidated results presented in accordance with International Financial Reporting Standards, IFRS.

Construction includes both building construction and civil construction. Revenues and earnings are reported under the percentage of completion ("PoC") method for both segment and IFRS reporting.

Residential Development develops residential projects for immediate sale. Homes are adapted to selected customer categories. The units are responsible for planning and selling the projects. The related construction assignments are performed by the construction units in the Construction segment in each market. In the segment reporting Residential Development recognizes revenue and earnings when binding contracts are signed for the sale of homes. In the IFRS reporting revenues are instead recognized when the buyer takes possession of the homes.

Commercial Property Development initiates, develops, leases and divests commercial property projects. In most markets the construction assignments are performed by Skanska's Construction segment. In the segment reporting Commercial Property Development recognizes revenue and earnings when binding contracts are signed for the sale of the properties. In the IFRS reporting revenues are instead recognized when the buyer takes possession of the property.

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and power-generation plants. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations. Construction assignments are in most markets performed by Skanska's Construction segment. Revenues and earnings are reported under the percentage of completion ("PoC") method for both segment and IFRS reporting.

Joint ventures are reported under the proportional method in the segment reporting of Residential Development, whereas all other streams/operating segments apply the equity method.

Intra-Group pricing between operating segments occurs on market terms.

The Parent Company in a Swedish Group prepares its accounts in compliance with the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities ("RFR 2"). According to RFR 2, the annual accounts of the legal entity must apply IFRS as far as this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation.

In 2014, Skanska decided to wind down the E&C part and divest the O&M part of the Latin American operation. As a consequence, starting in the third quarter of 2014, Skanska Latin America is moved from the Construction stream to Central in the segment reporting. For comparison reasons, historical reported numbers were adjusted accordingly from January 1, 2013.

## Definitions

For further definitions, see the 2016 Annual Report, Note 44.

### Non-IFRS financial measures

	Definition	Reason for use
		The following measures are used as it is viewed as the best and most accurate way to measure Skanska's operations reflecting the business model and strategy and thus assist investors and management in analyzing trends and performance in Skanska.
<b>Revenue Segment</b>	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.	Measure revenue generated in current market environment.
<b>Gross income</b>	Revenue minus cost of sales.	Measure profit generated from projects.
<b>Gross margin</b>	Gross income as a percentage of revenue.	Measure profitability in projects.
<b>Selling and admin expenses %</b>	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.
<b>Operating income</b>	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.
<b>Operating income segment</b>	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, according to segment reporting, and where Residential Development applies the proportional method for reporting of joint ventures.	Measure profit generated from operations in current market environment.
<b>Operating income rolling 12 months</b>	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, rolling 12 months.	Measure profit generated from operations.
<b>Operating margin</b>	Operating income as a percentage of revenue.	Measure profitability in operations.
<b>Net financial items</b>	The net of interest income, financial net pension cost, interest expense, capitalized expense, change in fair value and other net financial items.	Measure total net for financial activities.
<b>Income after financial items</b>	Operating income minus net financial items.	Measure profit generated before taxes.
<b>Earnings per share, segment</b>	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.	Measure earnings per share, segment.
<b>Book-to-build, rolling 12 months</b>	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.
<b>Unrealized gains, Commercial Property Development (CD)</b>	Market value minus investment value upon completion for ongoing projects, completed projects and land. Excluding projects sold according to segment reporting.	Measure potential realization of future gains in Commercial Property Development.
<b>Capital employed, Group</b>	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.
<b>Capital employed, Stream</b>	Total assets less tax assets, deposits in Skanska's treasury unit and pension receivable minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.	Measure capital usage and efficiency in a Stream.
<b>Capital employed Residential Development (RD) SEK M</b>	Total assets 17,456 - tax assets -305 - deposits in internal bank -78 - pension receivable -13 - non-interest-bearing liabilities (excluding tax liabilities) -4,988 - capitalized interest expense -54 12,018	Measure capital usage and efficiency in Residential Development.
<b>Capital employed Commercial Property Development (CD) SEK M</b>	Total assets 23,326 - tax assets -398 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -2,092 - capitalized interest expense -179 20,657	Measure capital usage and efficiency in Commercial Property Development.
<b>Capital employed Infrastructure Development (ID) SEK M</b>	Total assets 2,655 - tax assets -246 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -262 2,147	Measure capital usage and efficiency in Infrastructure Development.



Non-IFRS financial measures	Definition	Reason for use																																												
Capital employed average	Calculated on the basis of five measuring points; see below.																																													
ROCE in Project Development, segment	Adjusted profit (operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items. For the RD and CD segments, capitalized interest expense is removed from operating income so that the return reflects the unleveraged return) as a percentage of average capital employed. When calculating Roce for Infrastructure Development the financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items are reversed. The average capital employed is adjusted for IAS39 and for tax in our US projects, that are set up as Limited liability companies, non-taxable legal entities.	Measure the performance (profitability and capital efficiency) in Project Development.																																												
ROCE in RD segment, rolling 12 months excluding RD UK (as this is closing down) SEK M	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Operating income</td> <td style="text-align: right;">1,745</td> </tr> <tr> <td>+ capitalized interest expense</td> <td style="text-align: right;">149</td> </tr> <tr> <td>+/- financial income and other financial items</td> <td style="text-align: right;">11</td> </tr> <tr> <td>– interest income from internal bank</td> <td style="text-align: right;">–5</td> </tr> <tr> <td style="border-top: 1px solid black;">Adjusted profit</td> <td style="text-align: right; border-top: 1px solid black;">1,900</td> </tr> <tr> <td>Capital employed average*</td> <td style="text-align: right;">10,820</td> </tr> <tr> <td>ROCE RD</td> <td style="text-align: right;">17.6%</td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="4">* Capital employed average</td> </tr> <tr> <td style="width: 15%;">Q1 2017</td> <td style="width: 15%;">12,054</td> <td style="width: 5%;">x 0.5</td> <td style="width: 65%;">6,027</td> </tr> <tr> <td>Q4 2016</td> <td>11,642</td> <td></td> <td>11,642</td> </tr> <tr> <td>Q3 2016</td> <td>10,743</td> <td></td> <td>10,743</td> </tr> <tr> <td>Q2 2016</td> <td>10,280</td> <td></td> <td>10,280</td> </tr> <tr> <td>Q1 2016</td> <td>9,171</td> <td>x 0.5</td> <td style="border-top: 1px solid black;">4,586</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black; text-align: right;">43,278 / 4</td> </tr> </table>	Operating income	1,745	+ capitalized interest expense	149	+/- financial income and other financial items	11	– interest income from internal bank	–5	Adjusted profit	1,900	Capital employed average*	10,820	ROCE RD	17.6%	* Capital employed average				Q1 2017	12,054	x 0.5	6,027	Q4 2016	11,642		11,642	Q3 2016	10,743		10,743	Q2 2016	10,280		10,280	Q1 2016	9,171	x 0.5	4,586				43,278 / 4	Measure the performance (profitability and capital efficiency) in RD.		
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ROCE in CD segment, rolling 12 months SEK M	<p>For the Commercial Property Development the profit is adjusted so that the change in value of projects in progress and the difference between the market value and selling price for the year is reflected.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Operating income</td> <td style="text-align: right;">1,254</td> </tr> <tr> <td>+/- adjustments as mentioned above</td> <td style="text-align: right;">688</td> </tr> <tr> <td>+ capitalized interest expense</td> <td style="text-align: right;">37</td> </tr> <tr> <td>+/- financial income and other financial items</td> <td style="text-align: right;">–9</td> </tr> <tr> <td>– interest income from internal bank</td> <td style="text-align: right;">4</td> </tr> <tr> <td style="border-top: 1px solid black;">Adjusted profit</td> <td style="text-align: right; border-top: 1px solid black;">1,974</td> </tr> <tr> <td>Capital employed average*</td> <td style="text-align: right;">18,742</td> </tr> <tr> <td>ROCE CD</td> <td style="text-align: right;">10.5%</td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="4">* Capital employed average</td> </tr> <tr> <td style="width: 15%;">Q1 2017</td> <td style="width: 15%;">20,657</td> <td style="width: 5%;">x 0.5</td> <td style="width: 65%;">10,329</td> </tr> <tr> <td>Q4 2016</td> <td>19,936</td> <td></td> <td>19,936</td> </tr> <tr> <td>Q3 2016</td> <td>18,517</td> <td></td> <td>18,517</td> </tr> <tr> <td>Q2 2016</td> <td>17,144</td> <td></td> <td>17,144</td> </tr> <tr> <td>Q1 2016</td> <td>18,086</td> <td>x 0.5</td> <td style="border-top: 1px solid black;">9,043</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black; text-align: right;">74,968 / 4</td> </tr> </table>	Operating income	1,254	+/- adjustments as mentioned above	688	+ capitalized interest expense	37	+/- financial income and other financial items	–9	– interest income from internal bank	4	Adjusted profit	1,974	Capital employed average*	18,742	ROCE CD	10.5%	* Capital employed average				Q1 2017	20,657	x 0.5	10,329	Q4 2016	19,936		19,936	Q3 2016	18,517		18,517	Q2 2016	17,144		17,144	Q1 2016	18,086	x 0.5	9,043				74,968 / 4	Measure the performance (profitability and capital efficiency) in CD.
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Non-IFRS financial measures	Definition	Reason for use																												
<b>ROCE in PD Segment</b> SEK M	The total ROCE from RD, CD and ID.  <table border="1"> <thead> <tr> <th></th> <th>Adjusted profit</th> <th>CE avg</th> <th>ROCE</th> </tr> </thead> <tbody> <tr> <td>RD</td> <td>1,900</td> <td>10,820</td> <td>17.6%</td> </tr> <tr> <td>CD</td> <td>1,974</td> <td>18,742</td> <td>10.5%</td> </tr> <tr> <td>ID</td> <td>1,436</td> <td>3,759</td> <td>38.2%</td> </tr> <tr> <td></td> <td>5,310</td> <td>33,321</td> <td>15.9%</td> </tr> </tbody> </table>		Adjusted profit	CE avg	ROCE	RD	1,900	10,820	17.6%	CD	1,974	18,742	10.5%	ID	1,436	3,759	38.2%		5,310	33,321	15.9%	Measure profitability and capital efficiency.								
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	5,310	33,321	15.9%																											
<b>Return on equity segment, rolling 12 months</b> SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 6,591 / 24,082 = 27.4%	Measure profitability on invested equity.																												
<b>Equity average attributable to equity holders</b> SEK M	Calculated on the basis of five measuring points.  <table border="1"> <tbody> <tr> <td>Q1 2017</td> <td>28,866</td> <td>x 0.5</td> <td>14,433</td> </tr> <tr> <td>Q4 2016</td> <td>27,350</td> <td></td> <td>27,350</td> </tr> <tr> <td>Q3 2016</td> <td>21,069</td> <td></td> <td>21,069</td> </tr> <tr> <td>Q2 2016</td> <td>21,794</td> <td></td> <td>21,794</td> </tr> <tr> <td>Q1 2016</td> <td>23,368</td> <td>x 0.5</td> <td>11,684</td> </tr> <tr> <td></td> <td></td> <td></td> <td>96,330 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>24,082</td> </tr> </tbody> </table>	Q1 2017	28,866	x 0.5	14,433	Q4 2016	27,350		27,350	Q3 2016	21,069		21,069	Q2 2016	21,794		21,794	Q1 2016	23,368	x 0.5	11,684				96,330 / 4				24,082	
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<b>Operating cash flow from operations</b>	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.																												
<b>Net divestments/investment</b>	Total investments minus total divestments.	Measure the balance between investments and divestments.																												
<b>Free working capital in Construction</b>	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital generated in Construction.																												
<b>Average free working capital in Construction</b> SEK M	Calculated on the basis of five measuring points.  <table border="1"> <tbody> <tr> <td>Q1 2017</td> <td>-20,694</td> <td>x 0.5</td> <td>-10,347</td> </tr> <tr> <td>Q4 2016</td> <td>-22,460</td> <td></td> <td>-22,460</td> </tr> <tr> <td>Q3 2016</td> <td>-18,943</td> <td></td> <td>-18,943</td> </tr> <tr> <td>Q2 2016</td> <td>-17,708</td> <td></td> <td>-17,708</td> </tr> <tr> <td>Q1 2016</td> <td>-18,819</td> <td>x 0.5</td> <td>-9,410</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-78,868 / 4</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-19,717</td> </tr> </tbody> </table>	Q1 2017	-20,694	x 0.5	-10,347	Q4 2016	-22,460		-22,460	Q3 2016	-18,943		-18,943	Q2 2016	-17,708		-17,708	Q1 2016	-18,819	x 0.5	-9,410				-78,868 / 4				-19,717	Measure the funding stemming from the negative working capital generated in Construction.
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<b>Interestbearing net receivables/ net debt</b>	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.																												
<b>Operating net financial assets/ liabilities (ONFAL)</b>	Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing ONFAL to limits set by the Board of Directors.																												
<b>Equity/assets ratio</b>	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.																												
<b>Net debt/equity ratio</b>	Interest-bearing net liabilities divided by equity including non-controlling interest.	Measure leverage of financial position.																												
<b>Adjusted equity attributable to equity holders</b> SEK bn	Equity attributable to equity holders Unrealized surplus value in RD Unrealized CD gains Effect in unrealized equity in ID Less standard corporate tax, 10% Adjusted equity	28.9 2.5 9.7 1.2 -1.3 41.0	Measure financial position adjusted for surplus values in Project Development net taxes.																											

## Reconciliation between segment reporting and IFRSs

SEK M	External revenue		Intra-Group revenue		Total revenue		Operating income	
	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
Construction	29,225 <sup>1</sup>	27,945 <sup>1</sup>	2,862	2,493	32,087	30,438	392	442
Residential Development	3,352	2,660	0	0	3,352	2,660	438	297
Commercial Property Development	1,487	4,413	75	7	1,562	4,420	279	1,361
Infrastructure Development	21	19	0	0	21	19	939	86
<b>Total operating segments</b>	<b>34,085</b>	<b>35,037</b>	<b>2,937</b>	<b>2,500</b>	<b>37,022</b>	<b>37,537</b>	<b>2,048</b>	<b>2,186</b>
Central	97	260	281	117	378	377	-182	-249
Eliminations	0	0	-3,218	-2,617	-3,218	-2,617	-17	32
<b>Total Group</b>	<b>34,182</b>	<b>35,297</b>	<b>0</b>	<b>0</b>	<b>34,182</b>	<b>35,297</b>	<b>1,849</b>	<b>1,969</b>
<b>Reconciliation to IFRSs<sup>2</sup></b>	<b>-569</b>	<b>-4,895</b>	<b>0</b>	<b>0</b>	<b>-569</b>	<b>-4,895</b>	<b>-248</b>	<b>-1,658</b>
<b>Total IFRSs</b>	<b>33,613</b>	<b>30,402</b>	<b>0</b>	<b>0</b>	<b>33,613</b>	<b>30,402</b>	<b>1,601</b>	<b>311</b>

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 2,261 M (1,389).

2 Of which effect from joint ventures in Residential Development proportionally	-275	-171					-73	-42
Of which effect of different revenue recognitions	-294	-4,724					-175	-1,616

SEK M	Segment Jan-Mar 2017	IFRS Jan-Mar 2017	Segment Jan-Mar 2016	IFRS Jan-Mar 2016
<b>Revenue</b>				
Construction	32,087	32,087	30,438	30,438
Residential Development	3,352	2,601	2,660	1,540
Commercial Property Development	1,562	1,671	4,420	577
Infrastructure Development	21	21	19	19
Central and eliminations	-2,840	-2,767	-2,240	-2,172
<b>Skanska Group</b>	<b>34,182</b>	<b>33,613</b>	<b>35,297</b>	<b>30,402</b>
<b>Operating income</b>				
Construction	392	392	442	442
Residential Development	438	307	297	88
Commercial Property Development <sup>1</sup>	279	183	1,361	-9
Infrastructure Development	939	939	86	86
Central	-182	-182	-249	-250
Eliminations <sup>1</sup>	-17	-38	32	-46
<b>Operating income</b>	<b>1,849</b>	<b>1,601</b>	<b>1,969</b>	<b>311</b>
<b>Net financial items</b>	<b>7</b>	<b>7</b>	<b>-56</b>	<b>-56</b>
<b>Income after financial items</b>	<b>1,856</b>	<b>1,608</b>	<b>1,913</b>	<b>255</b>
Taxes	-260	-225	-394	-52
<b>Profit for the period</b>	<b>1,596</b>	<b>1,383</b>	<b>1,519</b>	<b>203</b>
Earnings for the period per share, SEK <sup>2</sup>	3.90		3.69	
Earnings for the period per share according to IFRSs, SEK <sup>2</sup>		3.38		0.49
1 Of which gains from divestments of commercial properties reported in:				
Commercial Property Development	431	334	1,457	87
Eliminations	34	15	80	3

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

## The Skanska Group

### Summary income statement (IFRS)

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	33,613	30,402	145,365
Cost of sales	-30,780	-28,113	-131,119
<b>Gross income</b>	<b>2,833</b>	<b>2,289</b>	<b>14,246</b>
Selling and administrative expenses	-2,273	-2,137	-9,152
Income from joint ventures and associated companies	1,041	159	2,126
<b>Operating income</b>	<b>1,601</b>	<b>311</b>	<b>7,220</b>
Financial income	43	40	119
Financial expenses	-36	-96	-238
<b>Net financial items<sup>1</sup></b>	<b>7</b>	<b>-56</b>	<b>-119</b>
<b>Income after financial items</b>	<b>1,608</b>	<b>255</b>	<b>7,101</b>
Taxes	-225	-52	-1,366
<b>Profit for the period</b>	<b>1,383</b>	<b>203</b>	<b>5,735</b>
1 Of which			
Interest income	18	30	71
Financial net pension costs	-25	-26	-101
Interest expenses	-59	-66	-245
Capitalized interest expenses	48	41	176
<b>Net interest items</b>	<b>-18</b>	<b>-21</b>	<b>-99</b>
Change in fair value	9	-23	2
Other net financial items	16	-12	-22
<b>Net financial items</b>	<b>7</b>	<b>-56</b>	<b>-119</b>
Profit attributable to:			
Equity holders	1,383	202	5,722
Non-controlling interests	0	1	13
Earnings per share, SEK <sup>2</sup>	3.38	0.49	13.96
Earnings per share after dilution, SEK <sup>3</sup>	3.35	0.49	13.88

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

### Statement of profit or loss and other comprehensive income (IFRS)

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
<b>Profit for the period</b>	<b>1,383</b>	<b>203</b>	<b>5,735</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurements of defined benefit plans	180	-225	-1,127
Tax related to items that will not be reclassified to profit and loss	-38	55	189
	<b>142</b>	<b>-170</b>	<b>-938</b>
<b>Items that have been or will be reclassified to profit and loss</b>			
Translation differences attributable to equity holders	-165	-237	1,165
Translation differences attributable to non-controlling interests	-1	1	8
Hedging of exchange rate risk in foreign operations	3	-4	36
Effects of cash flow hedges <sup>1</sup>	85	54	31
Share of other comprehensive income of joint ventures and associated companies <sup>2</sup>	18	-349	855
Tax related to items that have been or will be reclassified to profit and loss	-13	-10	-4
	<b>-73</b>	<b>-545</b>	<b>2,091</b>
<b>Other comprehensive income after tax</b>	<b>69</b>	<b>-715</b>	<b>1,153</b>
<b>Total comprehensive income</b>	<b>1,452</b>	<b>-512</b>	<b>6,888</b>
Total comprehensive income attributable to			
Equity holders	1,453	-514	6,867
Non-controlling interests	-1	2	21
1 Of which transferred to income statement	0	22	0
2 Of which transferred to income statement	62	210	1,851

## Summary statement of financial position (IFRS)

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6,826	6,379	6,837
Goodwill	5,226	5,150	5,270
Intangible assets	1,055	784	1,034
Investments in joint ventures and associated companies	3,854	2,656	4,160
Financial non-current assets <sup>1</sup>	1,058	1,129	1,016
Deferred tax assets	1,575	1,374	1,649
<b>Total non-current assets</b>	<b>19,594</b>	<b>17,472</b>	<b>19,966</b>
<b>Current assets</b>			
Current-asset properties <sup>2</sup>	34,982	28,751	33,678
Inventories	1,138	1,106	1,042
Financial current assets <sup>3</sup>	8,728	7,290	10,095
Tax assets	1,018	738	784
Gross amount due from customers for contract work	8,167	6,521	5,751
Trade and other receivables	24,389	23,203	29,759
Cash	6,965	7,523	5,430
<b>Total current assets</b>	<b>85,387</b>	<b>75,132</b>	<b>86,539</b>
<b>TOTAL ASSETS</b>	<b>104,981</b>	<b>92,604</b>	<b>106,505</b>
of which interest-bearing financial non-current assets	1,013	1,066	970
of which interest-bearing current assets	15,656	14,650	15,348
<b>Total interest-bearing assets</b>	<b>16,669</b>	<b>15,716</b>	<b>16,318</b>
<b>EQUITY</b>			
Equity attributable to equity holders	28,866	23,368	27,350
Non-controlling interests	155	129	156
<b>Total equity</b>	<b>29,021</b>	<b>23,497</b>	<b>27,506</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial non-current liabilities	2,613	3,865	3,656
Pensions	4,801	3,908	4,901
Deferred tax liabilities	1,715	783	1,491
Non-current provisions	1	0	1
<b>Total non-current liabilities</b>	<b>9,130</b>	<b>8,556</b>	<b>10,049</b>
<b>Current liabilities</b>			
Financial current liabilities <sup>3</sup>	6,442	5,710	6,681
Tax liabilities	402	768	489
Current provisions	7,148	6,247	7,227
Gross amount due to customers for contract work	18,469	15,925	18,473
Trade and other payables	34,369	31,901	36,080
<b>Total current liabilities</b>	<b>66,830</b>	<b>60,551</b>	<b>68,950</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>104,981</b>	<b>92,604</b>	<b>106,505</b>
of which interest-bearing financial liabilities	8,925	9,399	10,172
of which interest-bearing pensions and provisions	4,827	3,950	4,927
<b>Total interest-bearing liabilities</b>	<b>13,752</b>	<b>13,349</b>	<b>15,099</b>
1 Of which shares	44	60	44
2 Current-asset properties			
Commercial Property Development	20,506	17,774	19,728
Residential Development	14,476	10,977	13,950
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:			
Financial non-current assets	1	3	2
Financial current assets	37	163	177
Financial non-current liabilities	86	172	116
Financial current liabilities	44	4	49

Note: Contingent liabilities amounted to SEK 61.2 bn on March 31, 2017 (Dec 31, 2016: 61.9) and relates to joint operations in Construction and joint ventures in Project Development. For more information see 2016 Annual Report, Note 20B, 20C and 33. During the period contingent liabilities decreased by SEK 0.7 bn.

**Summary statement of changes in equity (IFRS)**

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Opening balance	27,506	24,206	24,206
of which non-controlling interests	156	127	127
Dividend to shareholders	0	0	-3,075
Change in group composition	0	0	14
Dividend to non-controlling interests	0	0	-6
Effects of equity-settled share-based payments	76	67	272
Repurchase of shares	-13	-264	-793
Total comprehensive income attributable to			
Equity holders	1,453	-514	6,867
Non-controlling interests	-1	2	21
<b>Closing balance</b>	<b>29,021</b>	<b>23,497</b>	<b>27,506</b>
of which non-controlling interests	155	129	156

**Summary consolidated cash flow statement (IAS 7) (IFRS)**

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
<b>Cash flow from operating activities before change in working capital, according to IAS 7</b>	<b>-31</b>	<b>-79</b>	<b>1,100</b>
<b>Cash flow from change in working capital, according to IAS 7</b>	<b>619</b>	<b>-2,825</b>	<b>-1,983</b>
Net investments in property, plant and equipment and intangible assets	940	-388	-160
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-1	-4	-35
<b>Cash flow from business operations including taxes paid according to operating cash flow</b>	<b>1,527</b>	<b>-3,296</b>	<b>-1,078</b>
Less net investments in property, plant and equipment and intangible assets	-940	388	160
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	1	4	35
<b>Cash flow from operating activities, according to IAS 7</b>	<b>588</b>	<b>-2,904</b>	<b>-883</b>
<b>Cash flow from strategic investments according to operating cash flow</b>	<b>0</b>	<b>127</b>	<b>862</b>
Net investments in property, plant and equipment and intangible assets	940	-388	-160
Increase and decrease in interest-bearing receivables	1,121	46	-2,260
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-1	-4	-35
<b>Cash flow from investing activities, according to IAS 7</b>	<b>2,060</b>	<b>-219</b>	<b>-1,593</b>
<b>Cash flow from financing operations according to operating cash-flow statement</b>	<b>103</b>	<b>-88</b>	<b>-76</b>
Change in interest-bearing receivables and liabilities	-73	-752	-2,400
Increase and decrease in interest-bearing receivables	-1,121	-46	2,260
Dividend etc. <sup>1</sup>	-13	-264	-3,874
<b>Cash flow from financing activities, according to IAS 7</b>	<b>-1,104</b>	<b>-1,150</b>	<b>-4,090</b>
<b>Cash flow for the period</b>	<b>1,544</b>	<b>-4,273</b>	<b>-6,566</b>

<sup>1</sup> Of which repurchases of shares SEK -13 M.

## Operating cash flow (IFRS), supplementary information

### Operating cash flow

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
<b>Construction</b>			
Cash flow from business operations	827	866	4,925
Change in working capital	-1,611	-1,438	1,051
Net divestments(+)/investments(-)	-449	-280	-1,414
Cash flow adjustment	0	0	0
<b>Total Construction</b>	<b>-1,233</b>	<b>-852</b>	<b>4,562</b>
<b>Residential Development</b>			
Cash flow from business operations	-216	-195	-677
Change in working capital	256	603	1,198
Net divestments(+)/investments(-)	-158	-265	-1,631
Cash flow adjustment	-16	-45	-100
<b>Total Residential Development</b>	<b>-134</b>	<b>98</b>	<b>-1,210</b>
<b>Commercial Property Development</b>			
Cash flow from business operations	-184	-87	-706
Change in working capital	-66	-562	-664
Net divestments(+)/investments(-)	-508	-1,313	679
Cash flow adjustment	1	25	4
<b>Total Commercial Property Development</b>	<b>-757</b>	<b>-1,937</b>	<b>-687</b>
<b>Infrastructure Development</b>			
Cash flow from business operations	-82	2	154
Change in working capital	2,877	0	-2,965
Net divestments(+)/investments(-)	1,351	-50	1,766
Cash flow adjustment	0	0	0
<b>Total Infrastructure Development</b>	<b>4,146</b>	<b>-48</b>	<b>-1,045</b>
<b>Central and eliminations</b>			
Cash flow from business operations	-159	-341	-1,394
Change in working capital	-100	155	52
Net divestments(+)/investments(-)	-19	-43	-119
Cash flow adjustment	1	0	0
<b>Total central and eliminations</b>	<b>-277</b>	<b>-229</b>	<b>-1,461</b>
Total cash flow from business operations	186	245	2,302
Total change in working capital	1,356	-1,242	-1,328
Total net divestments(+)/investments(-)	217	-1,951	-719
Total cash flow adjustment	-14	-20	-96
<b>Cash flow from business operations before taxes paid</b>	<b>1,745</b>	<b>-2,968</b>	<b>159</b>
Taxes paid in business operations	-218	-328	-1,237
<b>Cash flow from business operations including taxes paid</b>	<b>1,527</b>	<b>-3,296</b>	<b>-1,078</b>
Net interest items and other net financial items	147	-126	-108
Taxes paid in financing operations	-44	38	32
<b>Cash flow from financing operations</b>	<b>103</b>	<b>-88</b>	<b>-76</b>
<b>Operating cash flow from operations</b>	<b>1,630</b>	<b>-3,384</b>	<b>-1,154</b>
Net strategic divestments(+)/investments(-)	0	127	862
Dividend etc. <sup>1</sup>	-13	-264	-3,874
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>1,617</b>	<b>-3,521</b>	<b>-4,166</b>
Change in interest-bearing receivables and liabilities	-73	-752	-2,400
<b>Cash flow for the period</b>	<b>1,544</b>	<b>-4,273</b>	<b>-6,566</b>
Cash and cash equivalents at the beginning of the period	5,430	11,840	11,840
Exchange rate differences in cash and cash equivalents	-9	-44	156
<b>Cash and cash equivalents at the end of the period</b>	<b>6,965</b>	<b>7,523</b>	<b>5,430</b>

<sup>1</sup> Of which repurchases of shares SEK -13 M.

## Group net divestments/investments (IFRS)

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
<b>OPERATIONS – INVESTMENTS</b>			
Intangible assets	-55	-65	-394
Property, plant and equipment	-390	-358	-1,636
Assets in Infrastructure Development	-12	-50	-1,336
Shares and participations	-4	-13	-325
Current-asset properties	-4,776	-3,499	-17,108
of which Residential Development	-2,699	-1,796	-9,005
of which Commercial Property Development	-2,077	-1,703	-8,103
<b>Investments in operations</b>	<b>-5,237</b>	<b>-3,985</b>	<b>-20,799</b>
<b>Total Investments</b>	<b>-5,237</b>	<b>-3,985</b>	<b>-20,799</b>
<b>OPERATIONS – DIVESTMENTS</b>			
Intangible assets	0	0	2
Property, plant and equipment	39	86	411
Assets in Infrastructure Development	1,362	0	3,102
Shares and participations	0	12	16
Current-asset properties	4,053	1,936	16,549
of which Residential Development	2,586	1,530	7,508
of which Commercial Property Development	1,467	406	9,041
<b>Divestments in operations</b>	<b>5,454</b>	<b>2,034</b>	<b>20,080</b>
<b>STRATEGIC DIVESTMENTS</b>			
Businesses	0	127	862
<b>Strategic divestments</b>	<b>0</b>	<b>127</b>	<b>862</b>
<b>Total divestments</b>	<b>5,454</b>	<b>2,161</b>	<b>20,942</b>
<b>TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)</b>	<b>217</b>	<b>-1,824</b>	<b>143</b>
Depreciation, non-current assets	-348	-354	-1,439

## Capital employed in Project Development (IFRS)

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Residential Development	12,018	9,310	11,607
Commercial Property Development	20,657	18,086	19,936
Infrastructure Development	2,147	1,524	5,434
<b>Total in Project Development</b>	<b>34,822</b>	<b>28,920</b>	<b>36,977</b>



## Parent Company<sup>1</sup>

The parent company's revenue consists mainly of amounts billed to Group companies. The balance sheet consists of financial instruments almost exclusively in the form of intra-Group receivables and liabilities. The parent company does not report any significant events during the period.

### Summary income statement (IFRS)

SEK M	Jan-Mar 2017	Jan-Mar 2016
Revenue	0	0
Selling and administrative expenses	-68	-63
<b>Operating income</b>	<b>-68</b>	<b>-63</b>
Net financial items	-14	-14
<b>Income after financial items</b>	<b>-82</b>	<b>-77</b>
Taxes	19	17
<b>Profit for the period</b>	<b>-63</b>	<b>-60</b>
<b>Total comprehensive income</b>	<b>-63</b>	<b>-60</b>

### Summary balance sheet (IFRS)

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
<b>ASSETS</b>			
Intangible non-current assets	18	0	19
Property, plant and equipment	2	3	2
Financial non-current assets <sup>2</sup>	11,422	11,470	11,504
<b>Total non-current assets</b>	<b>11,442</b>	<b>11,473</b>	<b>11,525</b>
Current receivables	178	74	167
<b>Total current assets</b>	<b>178</b>	<b>74</b>	<b>167</b>
<b>TOTAL ASSETS</b>	<b>11,620</b>	<b>11,547</b>	<b>11,692</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	6,296	6,150	6,360
Provisions	306	267	283
Non-current interest-bearing liabilities <sup>2</sup>	4,884	4,969	4,918
Current liabilities	134	161	131
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,620</b>	<b>11,547</b>	<b>11,692</b>

<sup>1</sup> As a parent company in an IFRS-group, Skanska AB applies RFR2 in its accounting.

<sup>2</sup> Of these amounts, SEK 285 M (Dec 31, 2016: 253) were intra-Group receivables and SEK 4,884 M (Dec 31, 2016: 4,918) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 159.9 bn on March 31, 2017 (Dec 31, 2016: 162.2), of which SEK 128.6 bn (Dec 31, 2016: 131.9) was related to obligations on behalf of Group companies. Other obligations, SEK 31.3 bn on March 31, 2017 (Dec 31 2016: 30.3), were related to commitments to outside parties.

## Share data

	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Earnings per share according to segment reporting, SEK <sup>1</sup>	3.90	3.69	15.89
Earnings per share, SEK <sup>1</sup>	3.38	0.49	13.96
Earnings per share after dilution, SEK <sup>2</sup>	3.35	0.49	13.88
Equity per share, SEK <sup>3</sup>	70.45	56.98	66.82
Adjusted equity per share, SEK <sup>4</sup>	100.08	86.27	92.85
Average number of shares outstanding	409,538,832	411,049,617	409,896,419
Average number of shares outstanding after dilution	412,336,410	414,338,014	412,174,095
Average dilution, %	0.68	0.80	0.55
Number of shares, at balance sheet date	419,903,072	419,903,072	419,903,072
Average price of total repurchased shares, SEK	132.39	124.89	132.18
Number of total Series B shares repurchased	24,163,228	21,273,228	24,103,228
of which repurchased during the year	60,000	1,515,000	4,345,000
Number of shares in Skanska's own custody	10,174,063	9,767,907	10,594,644
Number of shares outstanding	409,729,009	410,135,165	409,308,428

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

2 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after dilution.

3 Equity attributable to equity holders divided by the number of shares outstanding.

4 Adjusted equity divided by the number of shares outstanding.

## Five-year Group financial summary

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2014	Jan-Mar 2013
Revenue	34,182	35,297	34,065	27,871	28,181
Operating income	1,849	1,969	832	656	519
Profit for the period	1,596	1,519	519	445	338
Earnings per share, SEK	3.90	3.69	1.26	1.08	0.82
Return on capital employed, % <sup>1</sup>	20.8	20.8	16.7	15.2	15.3
Return on equity, %	27.4	26.5	20.3	17.6	18.8
Operating margin, %	5.4	5.6	2.4	2.4	1.8
Return on capital employed according to IFRSs, % <sup>1</sup>	21.9	15.9	15.7	14.0	15.4
Cash flow per share according to IFRSs, SEK <sup>2</sup>	3.95	-8.57	-6.42	-7.92	0.13

1 Rolling 12 months.

2 Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.

## Exchange rates for the most important currencies

SEK	Average exchange rates			Exchange rates on the closing day		
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
U.S. dollar	8.93	8.45	8.56	8.93	8.11	9.06
British pound	11.06	12.11	11.59	11.12	11.69	11.15
Norwegian krone	1.06	0.98	1.02	1.04	0.98	1.05
Euro	9.51	9.33	9.47	9.54	9.23	9.57
Czech koruna	0.35	0.34	0.35	0.35	0.34	0.35
Polish zloty	2.20	2.14	2.17	2.26	2.16	2.17

## Construction

### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	32,087	30,438	138,001
<b>Gross income</b>	<b>2,076</b>	<b>2,021</b>	<b>10,080</b>
Selling and administrative expenses	-1,681	-1,578	-6,567
Income from joint ventures and associated companies	-3	-1	33
<b>Operating income</b>	<b>392</b>	<b>442</b>	<b>3,546</b>
Investments	-486	-371	-1,829
Divestments	37	91	595
<b>Net divestments(+)/investments(-)</b>	<b>-449</b>	<b>-280</b>	<b>-1,234</b>
Gross margin, %	6.5	6.6	7.3
Selling and administrative expenses, %	-5.2	-5.2	-4.8
Operating margin, %	1.2	1.5	2.6
Order bookings, SEK bn	38.2	30.3	170.2
Order backlog, SEK bn	200.8	154.6	196.3
Employees	38,415	41,418	40,991

### Revenue by business/reporting unit

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	11,794	11,184	50,973
of which Sweden	6,856	6,963	31,736
Europe	6,611	6,305	32,664
USA	13,682	12,949	54,364
<b>Total</b>	<b>32,087</b>	<b>30,438</b>	<b>138,001</b>

### Operating income

SEK M	Jan-Mar 2017			Jan-Mar 2016			Jan-Dec 2016		
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	358	277	2,130	3.0	2.5	4.2			
of which Sweden	234	139	1,482	3.4	2.0	4.7			
Europe	-191	-90	247	neg	neg	0.8			
USA	225	255	1,169	1.6	2.0	2.2			
<b>Total</b>	<b>392</b>	<b>442</b>	<b>3,546</b>	<b>1.2</b>	<b>1.5</b>	<b>2.6</b>			

### Operating margin, %

### Order backlog

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Nordics	59,976	50,027	54,107
of which Sweden	37,543	32,738	35,416
Europe	38,679	37,254	38,398
USA	102,137	67,309	103,749
<b>Total</b>	<b>200,792</b>	<b>154,590</b>	<b>196,254</b>

### Order bookings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	17,890	12,903	55,984
of which Sweden	8,986	8,301	36,041
Europe	6,704	7,845	36,324
USA	13,621	9,596	77,936
<b>Total</b>	<b>38,215</b>	<b>30,344</b>	<b>170,244</b>

### Book-to build, R-12m

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Nordics	118	111	110
of which Sweden	116	109	114
Europe	107	88	111
USA	149	65	143
<b>Total</b>	<b>128</b>	<b>87</b>	<b>123</b>

## Residential Development

### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	3,352	2,660	13,264
<b>Gross income</b>	<b>601</b>	<b>444</b>	<b>2,164</b>
Selling and administrative expenses	-163	-147	-559
Income from joint ventures and associated companies	0	0	0
<b>Operating income</b>	<b>438</b>	<b>297</b>	<b>1,605</b>
Operating margin, %	13.1	11.2	12.1
Investments	-2,747	-1,795	-9,148
Divestments	2,589	1,530	7,517
<b>Net divestments(+)/investments(-)</b>	<b>-158</b>	<b>-265</b>	<b>-1,631</b>
Capital employed, SEK bn	12.0	9.3	11.6
Return on capital employed, % <sup>1</sup>	17.6	15.0	17.1
Employees	458	410	434

1 Rolling 12 months.

### Revenue

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	3,139	2,424	12,287
of which Sweden	1,591	1,430	7,069
Europe	213	236	977
<b>Total</b>	<b>3,352</b>	<b>2,660</b>	<b>13,264</b>

### Operating income<sup>1</sup>

SEK M	Operating income <sup>1</sup>			Operating margin, % <sup>1</sup>		
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	419	260	1,509	13.3	10.7	12.3
of which Sweden	258	194	1,060	16.2	13.6	15.0
Europe	19	37	96	8.7	15.7	9.8
<b>Total</b>	<b>438</b>	<b>297</b>	<b>1,605</b>	<b>13.1</b>	<b>11.2</b>	<b>12.1</b>

1 Development gain only. Construction margin reported under Construction.

### Homes started

	Homes started			Homes sold		
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	704	844	4,379	906	873	4,106
of which Sweden	357	554	2,861	458	524	2,562
Europe	154	144	469	139	166	497
<b>Total</b>	<b>858</b>	<b>988</b>	<b>4,848</b>	<b>1,045</b>	<b>1,039</b>	<b>4,603</b>

### Homes under construction

	Homes under construction			Completed unsold, number of homes			Homes under construction of which sold, %		
	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Nordics	6,412	4,917	6,480	147	197	151	81	79	78
of which Sweden	4,326	3,286	4,305	12	16	12	84	84	82
Europe	878	961	941	5	3	7	63	67	68
<b>Total</b>	<b>7,290</b>	<b>5,878</b>	<b>7,421</b>	<b>152</b>	<b>200</b>	<b>158</b>	<b>79</b>	<b>77</b>	<b>77</b>

## Commercial Property Development

### Revenue and earnings

SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	1,562	4,420	10,226
of which from divestment of properties	1,405	4,247	9,555
<b>Gross income</b>	<b>464</b>	<b>1,519</b>	<b>3,067</b>
Selling and administrative expenses	-192	-159	-751
Income from joint ventures and associated companies	7	1	20
<b>Operating income</b>	<b>279</b>	<b>1,361</b>	<b>2,336</b>
of which gain from divestment of properties <sup>1</sup>	431	1,457	3,111
of which writedowns/reversal of writedowns	0	0	-198
1 Additional gains included in eliminations	34	80	173
Investments	-2,022	-1,718	-8,364
Divestments	1,514	405	9,043
<b>Net divestments(+)/investments(-)</b>	<b>-508</b>	<b>-1,313</b>	<b>679</b>
Capital employed, SEK bn	20.7	18.1	19.9
Return on capital employed, % <sup>1</sup>	10.5	16.4	14.8
Employees	366	347	364

1 Rolling 12 months.

### Revenue

SEK M				of which from divestments		
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	905	503	4,063	811	425	3,706
Europe	628	23	2,141	594	0	1,981
USA	29	3,894	4,022	0	3,822	3,868
<b>Total</b>	<b>1,562</b>	<b>4,420</b>	<b>10,226</b>	<b>1,405</b>	<b>4,247</b>	<b>9,555</b>

### Operating income

SEK M				of which from divestments		
	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Nordics	305	65	1,003	348	95	1,127
Europe	22	-51	284	83	0	561
USA	-48	1,347	1,049	0	1,362	1,423
<b>Total</b>	<b>279</b>	<b>1,361</b>	<b>2,336</b>	<b>431</b>	<b>1,457</b>	<b>3,111</b>

### Capital employed

SEK M	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Nordics	8,627	7,148	8,175
Europe	6,087	4,683	6,307
USA	5,943	6,255	5,454
<b>Total</b>	<b>20,657</b>	<b>18,086</b>	<b>19,936</b>

## Infrastructure Development

### Revenue and earnings

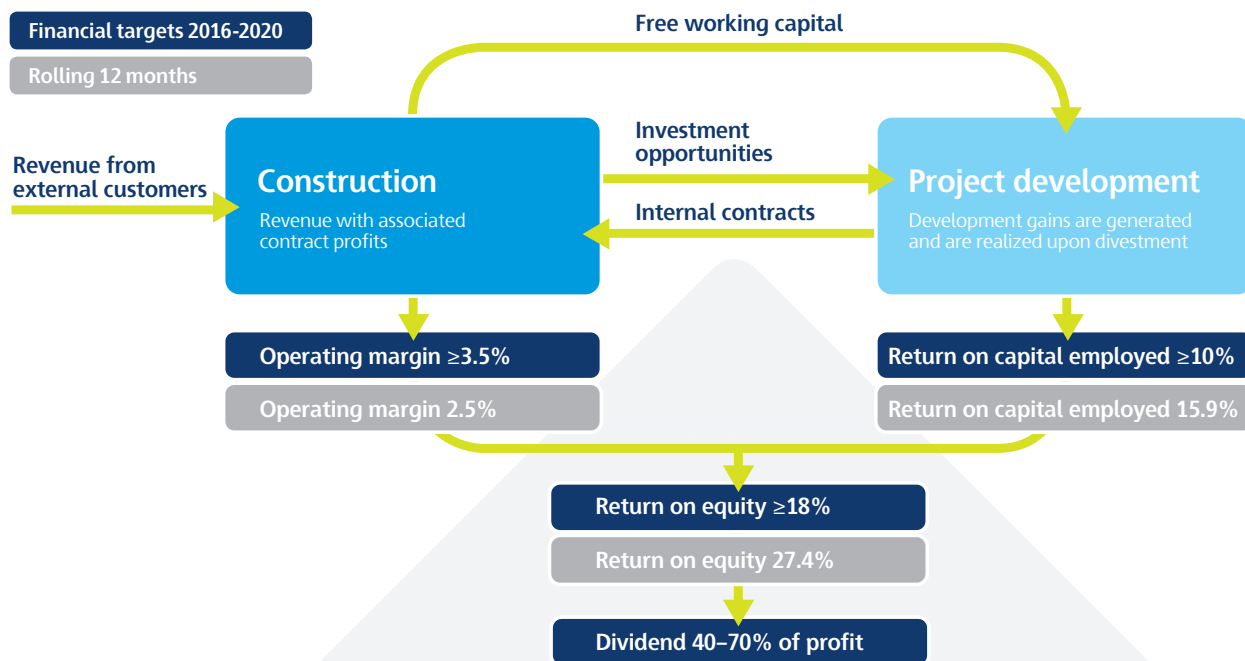
SEK M	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenue	21	19	237
<b>Gross income</b>	<b>-28</b>	<b>-22</b>	<b>56</b>
Selling and administrative expenses	-35	-38	-147
Income from joint ventures and associated companies	1,002	146	1,909
<b>Operating income</b>	<b>939</b>	<b>86</b>	<b>1,818</b>
of which gains from divestments of shares in projects	913	0	1,729
Investments	-11	-50	-1,336
Divestments	1,362	0	3,102
<b>Net divestments(+)/investments(-)</b>	<b>1,351</b>	<b>-50</b>	<b>1,766</b>
Capital employed, SEK bn	2.1	1.5	5.4
Return on capital employed, % <sup>1</sup>	38.2	15.2	41.1
Employees	102	103	102

1 Rolling 12 months.

# About Skanska

Skanska is one of the world’s leading construction and project development companies, focused on selected home markets in the Nordic region, other European countries and North America. Supported by global trends in urbanization and demographics, and by being at the forefront in sustainability, Skanska offers competitive solutions for both simple and the most complex assignments, helping to build a sustainable future for customers and communities.

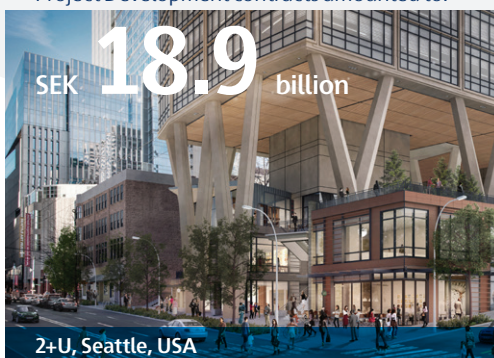
## Skanska’s business model



## Internal contracts and cooperation

Operational and financial synergies are, amongst other things, achieved through investments in Project Development generating internal contracts for Skanska’s Construction stream, as well as through the collaboration between Business Units from different markets. Currently, SEK 29.1 billion of Skanska’s total order backlog are contracts involving more than one Business Unit and revenue from internal contracts amounted to SEK 18.9 billion on a rolling 12 month basis.

Construction revenue from internal Project Development contracts amounted to:



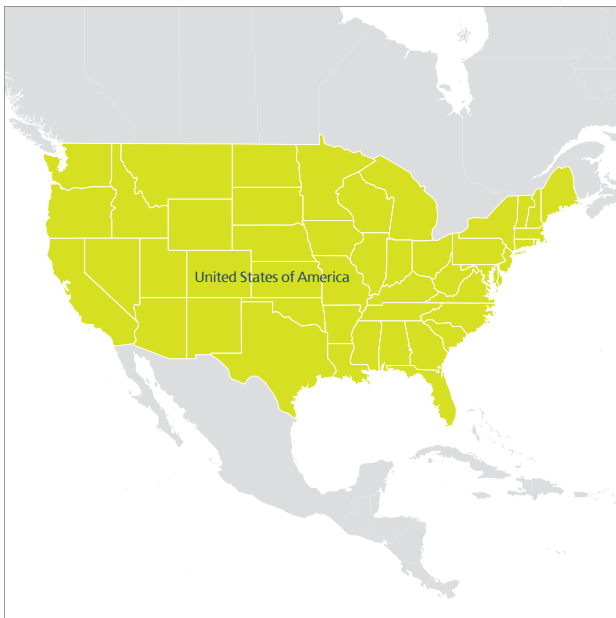
Skanska will develop and build 2+U, a 38-story office tower in a prime downtown Seattle location. An investment from Skanska USA Commercial Development generated a construction contract for Skanska USA Building.

Value of orders in backlog generated in cooperation between Business Units:



This Hospital Expansion for Sykehuset Vestfold HF will be carried out by Skanska Norway in cooperation with Skanska UK. For the project, Skanska has gathered expertise from Norway, Sweden, UK and USA.

## Skanska's home markets



### For further information, please contact:

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This report will also be presented via a press conference and webcast at 10.00 a.m. (CET) on May 5. The press conference will be webcasted live at [www.skanska.com/investors](http://www.skanska.com/investors), where a recording of the conference will also be available later. To participate in the telephone conference, please dial +46 8 505 564 74, +44 2033 645 374, or +1 855 753 2230. This and previous releases can also be found at [www.skanska.com/investors](http://www.skanska.com/investors)

The information provided herein is such as Skanska AB is obligated to disclose pursuant to the EU market securities act (EU) no. 596/2014.